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The socialistic wing, which has captured the control of the Labour party, has declared

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people in the hands of the State Parliament, and  
to be decided from the States. If the pow-  
er of taxation given the Federal Parliament, in  
order that it may raise revenue for the  
States, is committed to it by the Constitution,  
it is to be used to obtain control of functions which  
the Constitution entrusted to the States, and  
no State is safe, or similar Federalism  
pressure can be applied to compel a police  
function which may be repugnant to the State  
Parliament and people in regard to almost every  
thing within the State sphere. Are States  
Parliament willing to accept this restriction  
to their dominion?

But besides being dishonest, and an inter-  
ference with the duty of other Parliaments, it

**NEW ZEALAND GRADUATED LAND TAX**

It must be remembered that the New Zealand Government is not a Federal one. The Parliament of that State controls the policy of administration of land matters, and any taxation imposed by it is not in addition to the taxation of another Parliament. The New Zealand Government is not more impotent in the matter

and, as the revenue from the tax is estimated to be \$7,000,000, New Zealand would be able to pay out a total of about \$10,000,000, assuming so largely for small settlements show, it does not confute. Much higher tax is proposed here—one superimposed on State taxation—another \$10,000,000, which would be paid into the State funds, a tax that would not be confiscatory in New Zealand would become in Australia.

**LAND FOR SMALL SETTLEMENT.**

It is being recognised in all the States that this must be provided in suitable quantities for the smallistic spirit of the State. The State Government is acting in that direction, and most States purchase or resumption at a price in open market. The houses would be small, but would be for nothing more. The land would be worth it is worth that or more. He is willing to pay the price, either once or on terms, and also the opportunity. The disappointed land-holder may grumble when he has to step aside in the public interest, but

### TAXATION FOR BENEFITS.

Land taxation not meant to be confiscatory. Imposed for benefits received from the expenditure of public funds. Such expenditure in the cases of Australian lands, is by the States and the Federal, yet not seriously accused that the Commonwealth, while not incurring the expenditure, should seize the State municipal source of revenue. The proceeds of land taxation by the State would be expended in the Federal, and the Federal would raise in one State might be expended in another.

### INEQUALITY OF INCIDENCE.

All Federal taxation must be equal throughout the Commonwealth. The Federal graduated land tax is not made light or heavy where State taxation existed, and heavier where the State taxation was lighter. There must be the same in every State. Some States are assessed and taxed on the basis that other States have special taxation on larger holdings, others have not, but in several considerations is being given to such special taxation, though not to the extent of many experiences. The New South Wales has a special tax, a platform for a graduated State land tax. In the States with special tax large holdings, and in New South

the Federal graduated tax would, if brought into force, be added to the State tax. Consideration of the result shows the crudeness of the whole proposal, and the unwieldiness of the tax authorities, conflicting with

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by the Constitution, as deliberately trying to defeat that policy, and enforce another, by the powers of taxation.

**INEFFECTIVE OPERATION.**

The declared intent of the tax is to facilitate the acquisition of small holdings, though the intent may well be doubted when it is accompanied by an announcement of land nationalisation, which would mean simply a change of enormous holding. New South Wales and other States have provision for the encouragement of small holdings.

sumption. Under such a system choice can be made of suitable soil and climate, the Government can give the terms necessary to those having little capital, and the price of

lar lands in the same district. That method is not only honest, but is infinitely superior to other ways to the blind operation of disposing taxation. Under the latter, lands in the most difficult climate absolutely unpro-

for small settlement, will first be torn from the grasp of the owner. Many men, mustering the courage to take a single step into the drought, will find a heavy land tax, fixed, may be on the assessment of a good year applied on top of State and shire taxes, to last straw. But the owners of good lands in a district with a sufficient rainfall would be able to pay the tax, and would endure a drought with a small loss of their property in part with their holdings. Hence, the land must be mortgaged for small settlement, which can be at once secured by State resumption, would be the last to be made available by a distressed possessing Federal tax.

of their holdings. The value of land is largely influenced by the amount that can be borrowed on it. A man with small capital may obtain advances on his property to allow him to make use of it which he could not otherwise do.

will enable him to possess it free of liabilities. If the institutions advancing money know that in the event of foreclosure the land, owing to its value, will be sold for more than the amount to be repaid, they will be willing to advance to the graduated tax, they will only value it accordingly. New advances will be on this basis, while existing advances will be correspondingly reduced. This reduction of value will extend to the lands of those who do not require advances when they wish to realize them. The banks are prepared to pay all or part of the advances, and the purchaser and lender have the value fixed for him by the bank. The lender will advance. Then, were the tax to be so many two pences in the £ as to make it rapidly effective, the quantity of land for sale on the market would be so large as to drop the price of the result, and cause a demand for the reduction of the tax.

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